

November 20, 2009

WASHINGTON, DC - Today, U.S. Rep. Michael Arcuri (D-NY) and U.S. Rep. Chris Lee (R-NY) introduced legislation to eliminate all hauling costs for milk producers in efforts to protect dairy farmers from paying unfair fees to milk processors. Arcuri and Lee have introduced this legislation to alleviate the financial crisis that many local, Upstate New York dairy farmers have suffered over the past year due to low milk prices.

"Helping Upstate New York dairy farmers get the assistance they need is critical for the economic success of the dairy industry and New York State as a whole," **Arcuri said.** "This legislation will cut costs for dairy farmers and move towards a short-term recovery in the dairy industry, as well as a longer-term solution to help producers save money from production costs. I am committed to doing as much as possible for our dairy farmers, and I will continue to work with them across Upstate New York in order to solve this crisis."

"New York's dairy farmers have been especially hit hard with the economic downturn," **Lee said.** "Decreasing milk prices combined with rising feed and fuel costs make it impossible for even the most experienced farmers to make ends meet. It is fundamentally unfair for farmers to continue paying costs on product that is no longer in their possession."

Currently, dairy producers must pay processors for any transportation-related costs incurred after a milk producer's raw milk leaves the farm operation and is transported to a milk plant, receiving station, or transfer station. This legislation would eliminate the burden of hauling fees, stop fees, fuel surcharges, and other related fees for farmers. This bill also clarifies that ownership of milk is transferred from the milk producer to the processor when it leaves the milk producer's facility. Producers have traditionally argued that they lose ownership over their milk once it is co-mingled with other product in the milk truck.

"Milk hauling charges are currently assessed to farms as a component of a milk price premium calculation. Over the past 5 years, our net premiums received from processors have decreased by 50 %. The processors argue this is mainly due to the increase in hauling charges. This reduction in premiums received severely reduces our income from milk sales," **said Kelly**

O'Hara, Owner of Oakwood Dairy, LLC in Auburn, NY and a member of Arcuri's Agriculture Advisory Board

. "At a time when all of our costs of production are increasing, this decrease in income becomes very detrimental and limiting to the operation of our business. I look forward to continuing to work together with Congressman Arcuri on taking major, positive steps like this towards easing the added burden on dairy farmers across Upstate New York to ensure that farms can continue to be successful for generations to come."

Arcuri and Lee are founding members of the Congressional Dairy Farmers Caucus, and were recently involved in securing \$350 billion in assistance for the dairy industry in legislation signed into law by President on October 21, 2009. Prior to the bill's passage, Arcuri and Lee joined several of their colleagues in sending a letter to the House Appropriations Committee requesting that the additional \$350 million to assist dairy farmers nationwide be added to the Fiscal Year 2010 Agriculture Appropriations Bill.

The \$350 million included in the Fiscal Year 2010 Agriculture Appropriations bill has \$290 million in direct support to dairy farmers and \$60 million would be used to purchase cheese and other dairy products for food banks and nutrition programs, spurring prices for raw dairy products by drawing down supply on the market.

Arcuri established three regional Agriculture Advisory Committees earlier this year to receive first-hand accounts of the issues facing Upstate New York farmers and hear from farmers of all types on a regular basis through these committees.

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